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RR RUEHWEB

DE RUEHLO #2858 3181639
ZNY CCCCC ZZH
R 131639Z NOV 08
FM AMEMBASSY LONDON
TO RUEHC/SECSTATE WASHDC 0410
INFO RUEHBJ/AMEMBASSY BEIJING 1080
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E.O. 12958: DECL: 11/13/2018
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SUBJECT: AFRICA/CHINA: MORE ENGAGEMENT IS A TWO-SIDED COIN

Classified By: Acting Political Counselor Jim Donegan, reasons 1.4 (b/d
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11. (C//REL TO FIVE EYES) China's increasing engagement with African governments is a two-sided coin. China more readily works on its Africa partners' behalf in the United Nations (sometimes in unhelpful ways for the West), and it also provides significant direct investment and infrastructure creation projects that enable the West's goal of expanding Africa's private sector economies. London-based Africa Watchers (from the UK's Cabinet Office, UK's Foreign Office, and the Australia, New Zealand, Canada, and U.S. missions) informally compared notes at an Embassy London-hosted discussion on China-Africa relations on November 12. Below is a summary of the major points:

A) The Byzantine, top-down, and opaque nature of China's bureaucracy makes officials-level coordination and follow up on initiatives agreed at the political level difficult. The UK and NZ approach has been to ratchet Africa up the bilateral political agenda while simultaneously pursuing on the ground cooperation on development projects to demonstrate concrete coordination. Officials are also trying to build working-level, non-political bridges with the Chinese bureaucracy to foster a better understanding of the Chinese system and to create a relationship capable of withstanding political shocks. In multilateral fora in Asia, NZ has tried to make China's engagement more constructive by preempting discussions about China-Taiwan relations.

B) China works bilaterally with African countries (rather than through Africa's regional organizations) and coordinates bilaterally with donor countries (rather than through multilateral development mechanisms). China appears to be in multilateral listening mode on Africa, coming to the right meetings (Sudan Consortium, the Africa Clearing House, etc.) and making limited commitments (signing up to the Millennium Development Goals' Call to Action). The UK noted improved interactions with China in the run-up to the High-Level MDG event and "growing space for dialogue" more generally on development. With China's increasing bilateral partnerships on development, it will likely be forced to become more involved on the multilateral development agenda, albeit very gradually.

C) China is image conscious in Africa. It often funds prestige projects (like stadiums and monuments) in African countries that traditional development partners will not. China is becoming more aware that its labor practices and cheap goods are often not popular with African populations, while African governments are seeking to develop strong relations with China.

D) Increasing engagement with China is attractive for African governments. China's non-interventionist political and unconditional development policies, support in the UN, bilateral loan offers, military and technical support, large infrastructure projects, and economic demand for Africa's natural resources all turn African leaders toward Beijing.

E) China's greater engagement poses some risks for traditional donors. Undermining aid effectiveness, challenges to good governance and transparency initiatives, future debt relief problems (from China's bilateral loans), and trade competition all have the potential to cause setbacks in Western development objectives.

F) While not focused on traditional effectiveness, Chinese aid does seek a return on its investment. It provides levels of direct investment and infrastructure projects that the West does not. In some ways, this focus complements the West's current development focus on capacity- and institution-building.

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